



NEWS RELEASE

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DLA lowers costs for the military services

Competitive Best Value contracting saves tax dollars

Fort Belvoir, Va. -- Defense Logistics Agency, the largest DoD agency providing goods and services to America's military forces worldwide, is using its experience and contract bargaining power to save taxpayers' dollars.

The agency and its field activity units routinely award more than 8,000 contracts daily for items ranging from ground, air and sea military equipment repair parts, to field clothing, medical equipment and pharmaceuticals, field and dining facility food, and all of the fuel our forces consume.

The vast majority of these contracts are competitive bid contracts which allow multiple providers of the specified item or service to submit their offers for consideration and possible award of a DLA or field activity contract.

This competition among bidders, along with the generally large amount of items required, provides industrial base suppliers the incentive to submit their lowest dollar offers. The lower overall costs are passed on to the military services and the cycle of tax dollar savings begins.

As a recent example, the Defense Energy Support Center, a field activity of DLA, awarded a 10-year plus 2-five year option contract on March 29, 2005, to Arch Chemicals, Inc. The contract is the follow-on to an expired Arch contract for the production, storage and distribution of all grades of hydrazine, a fuel used for rocket launches, engines, and space vehicles. Specifically, hydrazine is used in the F-16 Fighter Aircraft, Titan, Delta, and Atlas rockets, NASA's Space Shuttle, and both military and commercial satellites. The recently-awarded Arch contract encompasses the continued use of Arch's existing Lake Charles, LA, production facility.

Although historically a sole-source contract, DESC awarded the contract competitively based on a best value source selection process. By doing this, they achieved competition for the first time in 25 years by executing an aggressive acquisition strategy initiated almost five years ago.

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This strategy included awarding a “bridge” contract to Arch for the production of a three year stockpile of inventory. Three years was the amount of time which market research indicated new entrants into the industry would need to build a hydrazine production facility. In addition, DESC was aggressive in the chemical commercial marketplace in encouraging new entrants for this important Government requirement.

Based on today’s dollars, the Government will save over \$200 million over the 20 year term of this competitively awarded contract as compared to Arch’s expired sole-source hydrazine production contract.

DLA and its field activities are committed to providing America’s military with the best available goods and services at the lowest possible price. Their competitive contracting business practices prove that it works.

DLA provides supply support, and technical and logistics services to the U.S. military services and several federal civilian agencies. Headquartered at Fort Belvoir, Va., the agency is the one source for nearly every consumable item, whether for combat readiness, emergency preparedness or day-to-day operations. More information about DLA is available at www.dla.mil.

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